

DENISE VOIGTCRAWFORD  
SECURITIES COMMISSIONER

DON A RASCHKE  
DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E 10th Street 5th Floor  
Austin, Texas 78701-2407  
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IN THE MATTER OF  
THE AGENT AND INVESTMENT  
ADVISER REPRESENTATIVE  
REGISTRATIONS OF  
CHRISTINE NICOLE PARMA

§  
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§  
§  
§

Order No. IC06-SUS-09

TO: Christine Nicole Parma (CRD No. 4434674)  
Merrill Lynch, Pierce, Fenner & Smith, Inc.  
4 World Financial Center  
New York, NY 10281

### **DISCIPLINARY ORDER AND UNDERTAKING**

Be it remembered that Christine Nicole Parma ("Respondent"), appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and Undertaking and the Findings of Fact and Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2005)("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon 2000 & Supp. 2005)("Administrative Procedure Act").
2. On or about March 25, 2005, Respondent registered with the Securities Commissioner as an agent of Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), which is currently effective.
3. On or about April 7, 2005, Respondent, registered with the Securities Commissioner as an investment adviser representative of Merrill Lynch, which is currently effective.
4. From on or about April 22, 2002 to on or about November 25, 2002, Respondent was registered with the Securities Commissioner as an agent of Veritrust Financial, LLC ("Veritrust").

5. From on or about November 13, 2002 to on or about September 12, 2003, Respondent was registered with the Securities Commissioner as an agent of Intersecurities, Inc. ("ISI").
6. From in or about August 2002 to in or about July 2003, Respondent engaged in the sale of universal lease agreements to Texas residents (the "Investors") on behalf of Yucatan Resorts S.A.
7. The universal lease agreements ("Yucatan Universal Lease Agreements") provided the purchaser(s) the right to use ("First Option"), rent to others ("Second Option"), or have a property management company manage ("Third Option"), a designated hotel unit for a specific assigned week or weeks during each year of the lease period.
8. During the offer for sale and sale of the Yucatan Universal Lease Agreements, Respondent primarily discussed the Third Option. Each of the Investors selected the Third Option in connection with their purchases of the Yucatan Universal Lease Agreements.
9. Veritrust's written supervisory procedures required Respondent to obtain prior written approval from Veritrust before engaging in any securities transaction outside the regular course or scope of Respondent's employment with Veritrust, and to obtain prior approval from Veritrust before accepting compensation from any other person, or entity, as a result of any business activity, outside the scope of Respondent's relationship with Veritrust.
10. ISI's written supervisory procedures required Respondent to obtain prior written approval from ISI before engaging in any securities transaction outside the regular course or scope of Respondent's employment with ISI, and to obtain prior approval from ISI before receiving compensation for services rendered outside the scope of employment with ISI.
11. Respondent's sale of the Yucatan Universal Lease Agreements was outside the regular course or scope of Respondent's employment with Veritrust and ISI, and Respondent received compensation for selling the Yucatan Universal Lease Agreements to the Investors.
12. Respondent did not obtain prior approval from Veritrust or ISI to sell the Yucatan Universal Lease Agreements, or to accept such compensation for the activity, or services, rendered outside of Respondent's scope of employment with Veritrust and ISI.
13. Respondent has represented that prior to November 2002 various individuals on multiple occasions represented to her, verbally and in writing, that the Yucatan Universal Leases Agreements were not securities.

14. On or about November 5, 2002 and May 26, 2003, Respondent represented to ISI that Respondent had not "sold any investment products, certificates, evidences of indebtedness, or other investments purporting to be 'non-securities'."
15. On or about April 22, 2002 and pursuant to § 115.2(a)(2) of the Rules and Regulations of the Texas State Securities Board ("Board Rules"), Respondent filed a Uniform Application for Securities Industry Registration and Transfer ("Form U-4") with the Securities Commissioner in connection with her application to become registered with the Securities Commissioner as an agent of Veritrust.  
  
Pursuant to §§ 101.2(c) and 133.33(a) of the Board Rules, certain forms required to be filed with the Securities Commissioner, including the Form U-4, have been adopted as Board Rules.
16. The Form U-4 requires the disclosure of any other business conducted by the agent, including any other business conducted by the agent, either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise.
17. Section 115.9(a)(6) of the Board Rules required Respondent to report, on the Form U-4, any change in information previously disclosed to the Securities Commissioner within thirty (30) days of such change.
18. Respondent did not update her Form U-4 within thirty (30) days of beginning to sell the Yucatan Universal Lease Agreements.
19. Respondent has cooperated extensively with the staff of the Texas State Securities Board during the course of its investigation.

#### CONCLUSIONS OF LAW

1. The Yucatan Universal Lease Agreements constitute "securities" as the term "securities" is defined by Section 4.A of the Texas Securities Act.
2. Respondent's failures to obtain prior written approval from Veritrust and ISI for Respondent's sale of the Yucatan Universal Lease Agreements, as required by Veritrust's and ISI's written supervisory procedures, constitute inequitable practices in the sale of securities.
3. Respondent's failures to obtain prior approval from Veritrust and ISI for Respondent's receipt of compensation for selling the Yucatan Universal Lease Agreements, as required by Veritrust's and ISI's written supervisory procedures, constitute inequitable practices in the sale of securities.
4. Respondent's representations to ISI on or about November 5, 2002 and on or about May 26, 2003 that Respondent had not "sold any investment products, certificates, evidences of indebtedness, or other investments purporting to be non-securities" were negligent representations of a fact, and thus constitute inequitable practices in the sale of securities.

5. Respondent's failure to update her Form U-4 within thirty (30) days of beginning to sell the Yucatan Universal Lease Agreements constitutes a violation of § 115.9(a)(6) of the Board Rules.
6. Pursuant to Sections 14.A(3) and 14.A(6) of the Texas Securities Act, the foregoing inequitable practices in the sale of securities and violation of a Board Rule constitutes bases for the issuance of an order suspending the registration of a registered agent and a registered investment adviser representative.

#### UNDERTAKING

1. Respondent undertakes and agrees to deliver a copy of this Order to each of the Investors via certified or registered mail within ten (10) days of the date that this Order is signed by the Securities Commissioner. Respondent further undertakes and agrees to maintain evidence of such delivery for a period of five (5) years following the date that this Order is signed by the Securities Commissioner.
2. Respondent further undertakes and agrees to deliver the amount of commissions that Respondent earned from the sale of the Yucatan Universal Lease Agreements [total of Forty Thousand Seven Hundred Thirty One Dollars and Thirteen Cents (\$40,731.13)] to the Investors within ten (10) days of the date that this Order is signed by the Securities Commissioner. Respondent further undertakes and agrees that the amount each Investor will receive will reflect the ten percent (10%) commission that Respondent received for her sale of a Yucatan Universal Lease Agreement to that Investor.
3. Respondent further undertakes and agrees to maintain all documents related to Respondent's delivery of funds to the Investors for a period of five (5) years from the date that this Order is signed by the Securities Commissioner.
4. Respondent further undertakes and agrees to cooperate in any investigation by the Inspections & Compliance or Enforcement Divisions of the Texas State Securities Board or any other law enforcement agency relating to the sale of the Yucatan Universal Lease Agreements in Texas and supervisory activities of any former employer in the securities industry, including, but not limited to, providing information or documents and testifying in any civil, administrative, or criminal proceeding brought by this agency or any other law enforcement entity or self-regulatory organization.

ORDER

1. It is therefore ORDERED that the agent registration of Christine Nicole Parma is hereby SUSPENDED for purposes of soliciting or obtaining new clients for a period of five (5) business days from the date this Order is signed by the Securities Commissioner. In the event that Christine Nicole Parma's agent registration is terminated before the end of this period, the suspension period will be tolled from the date that Christine Nicole Parma's agent registration is terminated to the date when Christine Nicole Parma's agent registration is effective again.
2. It is therefore ORDERED that the investment adviser representative registration of Christine Nicole Parma is hereby SUSPENDED for purposes of soliciting or obtaining new clients for a period of five (5) business days from the date this Order is signed by the Securities Commissioner. In the event that Christine Nicole Parma's investment adviser representative registration is terminated before the end of this period, the suspension period will be tolled from the date that Christine Nicole Parma's investment adviser representative registration is terminated to the date when Christine Nicole Parma's investment adviser representative registration is effective again.
3. It is further ORDERED that Christine Nicole Parma comply with the terms of the Undertaking enclosed herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 5<sup>TH</sup>  
day of June, 2006. *Denise*

DENISE VOIGTCRAWFORD  
Securities' Commissioner

*Don A. Rasch*  
Deputy Securities Commissioner

Respondent:



Christine Nicole Parma

Approved as to Form:



Benette L. Zivley  
Director  
Inspections and Compliance Division'



Chris Carr, Esq.  
Jones Carr McGoldrick, L.L.P  
Attorney for Respondent

ACKNOWLEDGMENT ,

On the 1st day of June, 2006, Christine Nicole Parma ("Respondent") personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Respondent has read the foregoing Order and Undertaking;
2. Respondent has been fully advised of her rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived her rights as set forth therein.

  
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Notary Public in and for  
the State of Texas\_\_\_\_\_

[affix notary seal here]

My commission expires on: 2-13-10

